

2006 DATA REPORTING INSTRUCTIONS

The Office of Workers Claims is requiring loss data for the 2006 simulated premium and surety to be submitted electronically by **February 20, 2006**. Below is a detailed explanation as to how this process will work:

DATA REQUIRED

1) Loss Reports:

A: Surety Loss Report

This loss report shall contain **ALL** (open and closed) losses that occurred during the self-insurance period (**valued as of 12/31/05**) including claims with last date of exposure for occupational diseases and retraining incentive benefits (RIB). For claims that do not have any reserves, we are requiring the paid to date amounts for indemnity, medical, and rehab.

B: Premium Loss Report

A separate loss report will also need to be included for simulated premium calculation purposes. This loss report shall include all losses for the years 2001, 2002, and 2003 for each entity included in the self-insurance program **valued as of 12/31/05**. If at any time during the year a new entity is added, a new loss report, a new Simulated Premium Calculation, as well as a new Guarantee Agreement must be submitted to include the new entity.

The loss reports shall include lost time as well as no lost time injuries. **The valuation date shall be 12/31/05**. The loss reports must be submitted by February 20, 2006.

The format for both loss reports will include the following information:

- Social Security Number of employee
- Last name of injured employee
- First name of injured employee
- Date of injury or last exposure for an occupational disease or RIB in MM/DD/YYYY format
- NCCI body part code
- Indicator that claim is closed (C), has exceeded SIR (E), pending litigation (L) or reserve is discounted (D)
- OWC claim number
- Indemnity payments paid to date as of **12/31/05**

- Medical payments including Medical Rehabilitation paid to date as of **12/31/05**
- Vocational Rehabilitation payments paid to date as of **12/31/05**
- Indemnity Reserve-Remaining amount projected to be paid for the life of the claim as of 12/31/05
- Medical and Medical Rehab Reserve-Remaining amount projected to be paid for the life of the claim as of 12/31/05
- Vocational Rehab Reserve-Remaining amount projected to be paid for the life of the claim as of 12/31/05
- Self-Insured Retention (SIR) for each year

The loss reports shall include yearly totals for all dollar amount figures.

Enclosed is an example (Enclosure A) of this report. However, we recommend exercising the option of downloading the file from our web site at the following address: <http://labor.ky.gov/dwc/sirequire.htm> (this file contains headings and allows the user to enter required data). There are two versions of this file on the site. The file entitled "lossrep2.xls" may be used to assist the preparer in assuring that the minimum indemnity reserves are adequate. **It is imperative that the loss data be reported in this format. The date of injury must be in column D and must be in MM/DD/YYYY format.** Other requirements are as follows:

Column H: Indemnity Paid to Date
 Column I: Medical Paid to Date
 Column J: Vocational Rehab Paid to Date
 Column K: Indemnity Reserve
 Column L: Medical Reserve
 Column M: Vocational Rehab Reserve
 Column N: Leave Blank
 Column O: SIR

Any deviation from this format may result in your loss report being returned for correction.

A closed claim, "C" is a claim that no future indemnity or medical payments are expected. An "E" in the indicator column indicates that a claim has exceeded SIR. **The company or TPA should not restate reserves on the surety loss report to account for claims in excess.** An "L" in the indicator column indicates that a claim is in litigation and minimum reserve amounts, based on body part, are required.

A "D" in the indicator column indicates that the indemnity reserve has been discounted. **Discounting only applies to the years reported on the simulated premium.** Open claims do not require anything in the indicator column. The OWC claim number is the claim number assigned by the Office of Workers Claims.

Loss Report Instructions for Enclosure A:

In cell A2, edit the cell to allow you to type your company name one space beyond the colon. In cell A3, edit the cell to allow you to type the calendar year(s) one space beyond the colon. Now, starting in cell A6, begin entering the data required by the headings. Enter as many rows of data as you have to enter. **All losses must be contained in one worksheet.** When you are finished entering all of the data, save the workbook, and then complete the simulated premium calculation report.

2) Simulated premium calculation report:

Enclosed are detailed instructions (Enclosure B) on how to create the simulated premium calculation report. This spreadsheet will calculate the 2006 simulated premium by entering yearly loss totals and payroll amounts in the proper cells. Again, the recommended method is to download the file from our web site. If you download this file, you will only need to enter yearly loss and reserve totals and payroll amounts in the proper cells. **Yearly loss and reserve totals shall reconcile with totals on the submitted premium loss report for years 2001, 2002 and 2003.** Gross payroll figures for 2001, 2002 and 2003 (the base years) shall be the gross payroll figures reported to the Office of Employment & Training, Department for Workforce Investment, Education Cabinet on **Form UI-3 Line 1**. The current payroll shall be the calendar year 2005 gross payroll figure as reported on the **UI-3**. A separate sheet shall be returned showing all entities and a year-end payroll amount for each entity for the year 2005 broken down by quarter (Enclosure E). **Any discrepancies between the amounts reported on the UI-3 and the simulated premium shall be explained in writing.**

Please make note of the following requirements. The person who would be able to address questions about the submitted amounts shall be the person listed on the top of the calculation sheet along with that individual's phone number. The company name shall be the name of the self-insured. Please ensure all Federal Identification Numbers (FINs) for all entities for which payroll figures are submitted are reported on the top

of the calculation sheet. If there is not adequate room for reporting all the FINs, please submit an additional page listing all numbers.

We are requiring that the loss reports, the simulated premium calculation report, and Enclosure E (payroll) be submitted no later than **February 20, 2006**. These files shall be submitted to the Office of Workers Claims via e-mail at: KYWC.SELFINSURANCE@ky.gov

RESERVE GUIDELINES

Indemnity Reserves: Per KRS 342.0011(28) indemnity reserve values for claims for which awards have been made or settlements reached because of findings of permanent partial or permanent total disability shall be calculated using the life expectancy based on the mortality tables referenced in 803 KAR 24:036 (Enclosure C) and an interest discount rate of 3.75%.

For claims in litigation status on 12/31/05, a minimum amount of indemnity reserve must be applied based on the type of injury. Enclosed is a chart (Enclosure D) listing these minimum amounts. The amounts are based on the NCCI body part code that is reported on the first report of injury or the nature of injury code for an occupational disease, RIB, carpal tunnel or hernia. The aforementioned reserves cannot fall below the minimum amounts listed, and in some cases may be higher depending on the reserve established by the company or the TPA.

Again, accessing the file entitled, "lossrep2.xls" from the web site will assist in assuring that these minimums are met. This loss report file contains two additional columns that are linked to a table containing the OWC minimum indemnity reserves for claims in litigation as of 12/31/05. If an "L" is placed in the appropriate column the file will automatically put the OWC minimum reserves amount in "column P" and the difference between the company's established reserve and minimum in "column Q".

A formula is entered on the first row of "column P" and will need to be copied down each row for all rows that contain loss data. If for some reason this formula is deleted you can retype the following: `=IF(F5="L", (VLOOKUP(E5, table, 3, FALSE)), K5)`. This formula assumes that the first row of loss data will be entered on row #5. Once this formula is entered in cell P5, it will need to be copied down the column for all rows containing loss data. The formula in "column Q" simply subtracts the minimum reserve amount from the company-reported amount. That formula is `=K5-P5`. **If a negative number is the result in "column Q", the reserve will need to be adjusted.**

The web site now contains a list of the NCCI body part codes along with definitions of each code. Clicking the text line that says "Kentucky's

Detailed Codes & Definitions Manual” (under the publications heading) accesses this.

Medical reserves: (Shall be projected for the life of the claim)

ALL claims that have an indemnity reserve as of 12/31/05 will also have a minimum medical reserve amount. To establish these minimum medical reserves, a percentage is applied to the indemnity reserve amount based on the occurrence year.

The minimum amounts are:

Occurrence Year	Percentage of Indemnity Reserve
2005	50%
2004	50%
2003	50%
2002	25%
2001	25%
Prior to 2001	10%

The minimum medical reserve for occupational diseases is 10% of the indemnity reserve for all years. There is no medical reserve on RIB or death. **If a medical reserve established by the company or the TPA is greater than these minimums, the higher amount shall be reported.** Claims with no indemnity reserve amount on 12/31/05 shall have the medical reserve amount established by the company or the TPA. In no case shall the minimum medical reserve be greater than \$100,000 unless using an actual projected medical reserve.

This simulated premium information shall be submitted no later than **February 20, 2006**. Failure to submit this by the **February 20, 2006** deadline could result in revocation of the self-insurance certificate. Please be aware that these figures will be subject to audits by the Office of Workers Claims and the KY Workers' Compensation Funding Commission. **Please be advised that both the indemnity and medical minimum reserve amounts are not intended to replace higher more appropriately determined company reserves.** If it is determined that known injuries were not reported or that reported amounts were incorrect (including the use of less than minimum reserve amounts); the possibility exists for additional Funding Commission assessments accompanied by interest, penalties and fines.

Form SI-08 Rev. 10/05

Employer Name: _____
 Loss Experience Report for Calendar Year(s): _____

Social Security Number	Employee Last Name	Employee First Name	Injury Date	NCCI Body Part and/or Nature of Injury Code	Indicator	OWC Agency Claim Number	Indemnity Paid as of 12/31/05	Medical Paid as of 12/31/05	Vocational Rehab. Paid as of 12/31/05	Indemnity Reserve as of 12/31/05	Medical Reserve as of 12/31/05	Vocational Rehab. Reserve as of 12/31/05	SIR

* Please Total Each Individual Year

Employers Name:
Loss Experience Report

Social Security Number	Employee Last Name	Employee First Name	Injury Date	NCCI Body Part Code(s)	OWC Agency Claim Number	Indemnity Paid as of 12/31/05	Medical Paid as of 12/31/05	Vocational Rehab. Paid as of 12/31/05	Indemnity Reserve as of 12/31/05	Medical Reserve as of 12/31/05	Vocational Rehab. Reserve as of 12/31/05	SIR	Body Part Floor Reserve Amount	Body Part Reserve Difference
													0.00	0.00
													0.00	0.00
													0.00	0.00
													0.00	0.00
													0.00	0.00
													0.00	0.00
													0.00	0.00
													0.00	0.00

*Please Total Each Individual Year

2006 Simulated Premium Calculation Report Instructions

Enter cell by cell per the following instructions:

- D1 Name of person completing the form (This is Very Important)**
D2 Phone number of person completing the form (This is also Very Important)
D3 Name of self-insured company
D4 Federal employers' ID numbers – LIST ALL SELF-INSURED COMPANIES REGISTERED IN KENTUCKY
D9 Amount of indemnity paid as of 12/31/2005 for all injuries that occurred in 2001.
D10 Amount of medical payments paid as of 12/31/2005 for all injuries that occurred in 2001.
D11 Amount of vocational rehab payments paid as of 12/31/2005 for all injuries that occurred in 2001.
D12 Amount of indemnity reserves as of 12/31/2005 for all injuries that occurred in 2001.
D13 Amount of medical reserves as of 12/31/2005 for all injuries that occurred in 2001.
D14 Amount of vocational rehab reserves as of 12/31/2005 for all injuries that occurred in 2001.
D18 Amount of indemnity paid as of 12/31/2005 for all injuries that occurred in 2002.
D19 Amount of medical payments paid as of 12/31/2005 for all injuries that occurred in 2002.
D20 Amount of vocational rehab payments paid as of 12/31/2005 for all injuries that occurred in 2002.
D21 Amount of indemnity reserves as of 12/31/2005 for all injuries that occurred in 2002.
D22 Amount of medical reserves as of 12/31/2005 for all injuries that occurred in 2002.
D23 Amount of vocational rehab reserves as of 12/31/2005 for all injuries that occurred in 2002.
D27 Amount of indemnity paid as of 12/31/2005 for all injuries that occurred in 2003.
D28 Amount of medical payments paid as of 12/31/2005 for all injuries that occurred in 2003.
D29 Amount of vocational rehab payments paid as of 12/31/2005 for all injuries that occurred in 2003.
D30 Amount of indemnity reserves as of 12/31/2005 for all injuries that occurred in 2003.
D31 Amount of medical reserves as of 12/31/2005 for all injuries that occurred in 2003.
D32 Amount of vocational rehab reserves as of 12/31/2005 for all injuries that occurred in 2003.
D39 Amount of payroll reported to the Office of Employment and Training, Department for Workforce Investment, Education Cabinet for the calendar year 2001 for all entities currently included in the self-insurance program.
D40 Amount of payroll reported to the Office of Employment and Training, Department for Workforce Investment, Education Cabinet for the calendar year 2002 for all entities currently included in the self-insurance program.
D41 Amount of payroll reported to the Office of Employment and Training, Department for Workforce Investment, Education Cabinet for the calendar year 2003 for all entities currently included in the self-insurance program.
D49 Amount of payroll reported to the Office of Employment and Training, Department for Workforce Investment, Education Cabinet for the calendar year 2005 for all entities currently included in the self-insurance program.
H54 2006 SIMULATED PREMIUM CALCULATION:
WHICHEVER IS THE HIGHEST BETWEEN CELLS H51 AND H52 WILL BE THE COMPANY'S PREMIUM AMOUNT FOR 2006.

When you have completed all reports, after saving them for your benefit, attach them to an email note and send to this address:

kywc.selfinsurance@ky.gov

Thank you for your cooperation. Be sure to keep these forms and this email address, as you will need them next year as well.

Person Completing:
 Phone Number:
 Company Name:
 Fed Emp #:

Claims		Factor	
2001			
Indemnity Paid:	\$0	1.19	\$0
Medical Paid:	\$0	1.00	\$0
Vocational Rehab Paid:	\$0	1.00	\$0
Indemnity Reserve:	\$0	1.19	\$0
Medical Reserve:	\$0	1.00	\$0
Vocational Rehab Reserve:	\$0	1.00	\$0
		Total 2001	\$0
2002			
Indemnity Paid:	\$0	1.15	\$0
Medical Paid:	\$0	1.00	\$0
Vocational Rehab Paid:	\$0	1.00	\$0
Indemnity Reserve:	\$0	1.15	\$0
Medical Reserve:	\$0	1.00	\$0
Vocational Rehab Reserve:	\$0	1.00	\$0
		Total 2002	\$0
2003			
Indemnity Paid:	\$0	1.10	\$0
Medical Paid:	\$0	1.00	\$0
Vocational Rehab Paid:	\$0	1.00	\$0
Indemnity Reserve:	\$0	1.10	\$0
Medical Reserve:	\$0	1.00	\$0
Vocational Rehab Reserve:	\$0	1.00	\$0
		Total 2003	\$0
		Total Claims:	<u>\$0</u>
Payrolls			
2001	\$0	1.19	\$0
2002	\$0	1.15	\$0
2003	\$0	1.10	<u>\$0</u>
		Total Payroll:	\$0
Total claims to total payroll ratio:		#DIV/0!	
Ratio X 1.25:		#DIV/0!	
Current (2005) Payroll:		\$0	
		SIMULATED PREMIUM	#DIV/0!
		MINIMUM PREMIUM	\$0
		2006 SIMULATED PREMIUM	#DIV/0!

803 KAR 25:036. Computation of life expectancies for purposes including apportionment and attorney's fees.

Section 3. Other Computations.

If calculation of a life expectancy is necessary for another purpose, including computation of an assessment or reserve for a self-insured employer, the male or female mortality tables in Appendix A shall be utilized.

APPENDIX A

AGES	BOTH SEXES	MALES	FEMALES	AGES	BOTH SEXES	MALES	FEMALES
0	75.8	72.3	79.1	51	28.5	25.9	30.7
1	75.4	72.0	78.7	52	27.6	25.1	29.8
2	74.5	71.1	77.8	53	26.8	24.3	29.0
3	73.5	70.1	76.8	54	25.9	23.5	28.1
4	72.5	69.1	75.8	55	25.1	22.7	27.2
5	71.6	68.1	74.8	56	24.3	21.9	26.4
6	70.6	67.2	73.9	57	23.5	21.1	25.5
7	69.6	66.2	72.9	58	22.7	20.4	24.7
8	68.6	65.2	71.9	59	21.9	19.6	23.9
9	67.6	64.2	70.9	60	21.1	18.9	23.1
10	66.6	63.2	69.9	61	20.4	18.2	22.3
11	65.6	62.2	68.9	62	19.7	17.5	21.5
12	64.6	61.2	67.9	63	18.9	16.8	20.7
13	63.7	60.3	66.9	64	18.2	16.1	19.9
14	62.7	59.3	65.9	65	17.5	15.4	19.2
15	61.7	58.3	65.0	66	16.8	14.8	18.4
16	60.7	57.4	64.0	67	16.1	14.2	17.7
17	59.8	56.4	63.0	68	15.5	13.5	16.9
18	58.8	55.5	62.0	69	14.8	12.9	16.2
19	57.9	54.6	61.1	70	14.2	12.4	15.5
20	56.9	53.7	60.1	71	13.5	11.8	14.8
21	56.0	52.7	59.1	72	12.9	11.2	14.1
22	55.1	51.8	58.2	73	12.3	10.7	13.5
23	54.1	50.9	57.2	74	11.7	10.1	12.8
24	53.2	50.0	56.2	75	11.2	9.6	12.2
25	52.2	49.1	55.2	76	10.6	9.1	11.6
26	51.3	48.2	54.3	77	10.0	8.6	10.9
27	50.4	47.2	53.3	78	9.5	8.1	10.3
28	49.4	46.3	52.3	79	9.0	7.7	9.7
29	48.5	45.4	51.4	80	8.5	7.2	9.2
30	47.5	44.5	50.4	81	8.0	6.8	8.6
31	46.6	43.6	49.4	82	7.5	6.4	8.1
32	45.7	42.7	48.5	83	7.1	6.0	7.6
33	44.7	41.8	47.5	84	6.6	5.6	7.1
34	43.8	40.9	46.6	85	6.2	5.3	6.6
35	42.9	40.0	45.6				
36	42.0	39.1	44.7				
37	41.0	38.2	43.7				
38	40.1	37.3	42.8				
39	39.2	36.4	41.8				
40	38.3	35.5	40.9				
41	37.4	34.6	39.9				
42	36.5	33.7	39.0				
43	35.6	32.8	38.0				
44	34.7	32.0	37.1				
45	33.8	31.1	36.2				
46	32.9	30.2	35.3				
47	32.0	29.4	34.3				
48	31.1	28.5	33.4				
49	30.2	27.6	32.5				
50	29.3	26.8	31.6				

MINIMUM RESERVES

NCCI BODY PART CODE	PART OF BODY	MINIMUM INDEMNITY RESERVES
10	MULTIPLE HEAD INJURIES	\$29,000
11	SKULL	\$37,000
12	BRAIN	\$29,000
13	EAR (HEARING LOSS)	\$5,000
14	EYES	\$24,000
15	NOSE	\$11,000
16	TEETH	\$5,000
17	MOUTH	\$14,000
19	FACE	\$21,000
20	MULTIPLE NECK	\$15,000
21	NECK VERTEBRAE	\$23,000
22	NECK DISC	\$23,000
25	NECK SOFT TISSUE	\$9,000
26	TRACHEA	\$18,000
30	MULTI UPPER EXTREMITIES	\$15,000
31	UPPER ARM	\$9,000
32	ELBOW	\$9,000
33	LOWER ARM	\$9,000
34	WRIST	\$10,000
35	HAND	\$9,000
36	FINGER	\$5,000
37	THUMB	\$5,000
38	SHOULDER	\$5,000
40	MULTI TRUNK	\$15,000
41	UPPER BACK	\$25,000
42	LOWER BACK	\$9,000
43	DISC (TRUNK)	\$17,000
44	CHEST	\$25,000
45	SACRUM & COCCYX	\$6,000
46	PELVIS	\$17,000
49	HEART	\$35,000
50	MULTI LOWER EXTREMITIES	\$15,000
51	HIP	\$45,000
52	UPPER LEG	\$24,000
53	KNEE	\$7,000
54	LOWER LEG	\$24,000
55	ANKLE	\$11,000
56	FOOT	\$11,000
57	TOES	\$11,000
58	GREAT TOE	\$11,000
61	ABDOMEN (Including groin)	\$14,000
62	BUTTOCKS	\$15,000
NATURE CODE		
34	HERNIA	\$14,000
60	DUST DISEASE	RIB or OD RATE *
61	ASBESTOSIS	RIB or OD RATE *
62	BLACK LUNG	RIB or OD RATE *
78	CARPAL TUNNEL	\$10,000
90	MULTI PHYSICAL INJURIES	\$15,000
91	MULTI INJURY	\$15,000

*** RIB RATES PER WEEK**

YEAR	AMOUNT
2005	\$455.42
2004	\$441.32
2003	\$428.57
2002	\$413.00
2001	\$397.55
2000	\$381.77
1999	\$365.40
1998	\$349.02

ENCLOSURE E

Record quarter by quarter payroll amounts as reported to Workforce Investment via Form UI-3 for each company covered by self insurance privilege for the year 2005.

Any discrepancies between the amounts reported on the UI-3 and the simulated premium shall be explained in writing.

Complete this enclosure and return via email to kywc.selfinsurance@ky.gov no later than February 20, 2006.

List each self insured subsidiary separately. Attach additional sheets as needed.

	EXAMPLE:	1	2	3
NAME	XYZ COMPANY			
FEIN	61-987-1234			
KEIN	00-123456			
1ST QTR	\$ 250,000.00			
2ND QTR	\$ 246,250.00			
3RD QTR	\$ 265,489.00			
4TH QTR	\$ 354,987.00			
TOTAL 2005	\$ 1,116,726.00			

	4	5	6	7
NAME				
FEIN				
KEIN				
1ST QTR				
2ND QTR				
3RD QTR				
4TH QTR				
TOTAL 2005				